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ABSTRACT

The New York State Office of the Comptroller performed an audit of the Tuition Assistance Program (TAP) at Long Island University, Brooklyn Campus. Long Island University (LIU) is an independent institution of higher education offering more than 62 academic and professional programs at the graduate and undergraduate levels at its Brooklyn campus. TAP is the largest of the various student grant and scholarship programs administrated by Higher Education Services Corporation (HESC) providing tuition aid to eligible full-time students. According to HESC's records, LIU certified 6,446 students for 18,776 TAP awards totaling $28.7 million during the 1992-93, 1993-94 and 1994-95 academic years at its Brooklyn campus. From a statistical sample of 200 awards totaling $316,507 paid on behalf of 198 students for the 3-year period ended June 30, 1995, three awards totaling $5051 were disallowed. A statistical projection of the audit disallowances to the entire population results in an audit disallowance of $24,776. Reasons for disallowance included not in full-time status, not meeting residency requirements, and not in good academic standing. It was recommended that HESC recover the amount overpaid plus applicable interest from LIU. (JLS)

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ED 404 918

December 20, 1996

Mr. Richard Mills
Commissioner
State Education Department
Education Building
Albany, NY 12234

Mr. Robert J. Maurer
President
Higher Education Services Corporation
99 Washington Avenue
Albany, NY 12255

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Re: Long Island University
Brooklyn Campus
Report 96-T-1

Dear Mr. Mills and Mr. Maurer:

According to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution, Section 8, Article 2 of the State Finance Law and a Memorandum of Agreement dated December 1, 1989 involving the State Comptroller, the Commissioner of Education, the President of the Higher Education Services Corporation (HESC), and the Director of the Budget, we audited the records and procedures used in administering the Tuition Assistance Program (TAP) at Long Island University's (LIU) Brooklyn Campus (Brooklyn) for the 1992-93 through 1994-95 academic years.

Summary Conclusions

According to Section 665(3)(b) of the State Education Law, we determined that LIU Brooklyn was overpaid $26,270 because school officials incorrectly certified students as eligible for TAP awards. From our statistical sample, we disallowed three awards totaling $5,051. A statistical projection of our audit disallowances to the entire population results in an audit disallowance of $24,776. We also disallowed two awards totaling $1,494 based on our review of other awards from outside the sample period. We determined that LIU Brooklyn was, therefore, overpaid a total of $26,270 in TAP awards. We recommend that HESC recover this amount plus applicable interest from LIU Brooklyn.

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Background

LIU is an independent institution of higher education offering a wide range of academic and professional programs at the graduate and undergraduate levels on six campuses and at a number of other sites throughout the New York metropolitan area. The campuses are in the following areas: Brooklyn; Brookville, Long Island (C.W. Post); Southampton and Brentwood (Suffolk County); Dobbs Ferry (Westchester County); and Rockland County. The Brooklyn campus, founded in 1926, is the original unit of LIU. It offers more than 62 undergraduate and 53 graduate programs, including doctoral programs in Clinical Psychology and Pharmacy. The administrative offices of LIU are at the University Center in Brookville, Long Island.

TAP is the largest of the various student grant and scholarship programs administered by HESC. It is an entitlement program designed to provide tuition aid to eligible full-time students who are enrolled in a variety of programs. Most of LIU's registered programs qualify eligible students for State TAP awards.

Draft copies of this report were provided to the State Education Department (SED), HESC, and LIU officials for their review and comment. HESC agreed with our disallowance for the student who failed to meet the residency requirement and defers to SED on the other issues. However, SED and LIU officials disagreed with certain issues in our draft report. Based on SED's recommendation, we eliminated two issues that were included in our draft report from this final report.

Audit Scope

The objective of our financial and compliance audit was to determine whether LIU and Brooklyn management complied with the State Education Law (Law) and the Commissioner's Rules and Regulations (Regulations) with regard to certifying students as eligible for TAP awards.

According to HESC's records, LIU certified 6,446 students for 18,776 TAP awards totaling $28.7 million during the 1992-93, 1993-94 and 1994-95 academic years at its Brooklyn campus. We selected and reviewed a statistical sample of 200 awards totaling $316,507 paid on behalf of 198 students for the three-year period ended June 30, 1995. We also reviewed other awards that came to our attention during the audit. The scope of our audit did not include reviewing the records and procedures of HESC as they relate to calculating the amount of the awards.

We conducted our audit according to generally accepted government auditing standards. Such standards require that we plan and do our audit to adequately assess those operations of Brooklyn which we include within our audit scope. These standards also require that we review and report on LIU Brooklyn's internal control structure and its compliance with those laws and regulations that are relevant to LIU Brooklyn's operations and are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting records and applying such other auditing procedures as we consider necessary. An

audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

In planning and doing our audit of LIU Brooklyn, we reviewed management's internal control structure. Our audit was limited to a preliminary review of the internal control structure to obtain an understanding of the environment and the flow of transactions through the accounting system and other systems supporting the claims for student financial aid.

LIU Brooklyn's management is responsible for complying with the Law and the Regulations. In connection with our audit, we did tests of Brooklyn's compliance with certain provisions of the Law and the Regulations. Our objective in doing these tests was to obtain reasonable assurance that the TAP awards LIU Brooklyn received were for eligible students. Our objective was not to provide an opinion on LIU Brooklyn's overall compliance with such provisions.

The results of our audit showed that for the transactions and records tested, LIU Brooklyn complied, in all material respects, with the provisions referred to in the preceding paragraph, except as noted in the following sections of the report.

Audit Disallowance

The following table summarizes the disallowances that resulted from our audit.

Reason for Disallowance	Number of Awards	Amount	Total
Disallowances from the Statistical Sample:			
Student Not in Full-Time Attendance	1	$2,025	
Student Not Meeting Residency Requirement	1	1,738	
Student Not in Good Academic Standing	1	1,288	
Total Sample Disallowance	3	$5,051	
Projected Amount			$24,776
Disallowances from Outside the Statistical Sample:			
Student Not in Good Academic Standing	1	$900	
Student Not in Full-Time Attendance	1	594	
Total Outside of Sample Disallowances	2		1,494
Total Audit Disallowances			$26,270

We discuss the various types of disallowances in the following sections of this report. We provided details of the statistical projection, students' names and related information to Brooklyn management separately.

Students Not in Full-Time Attendance

Criteria - Section 661 of the Law states that a student must be in full-time attendance, as defined by the Commissioner of Education, to be eligible for financial aid awards. Full-time study is defined as enrollment for at least 12 semester hours for a semester of 15 weeks or more. Also, SED's Chief Executive Officer's (CEO) Bulletin No. 86-17 states that if a student repeats a course in which a passing grade was already achieved, the course cannot count as part of the student's minimum full-time course load for financial aid purposes.

Audit Determination - We identified one award from our statistical sample and one from outside the sample period paid to students who did not maintain full-time status. One student did not attend school at all for the term in which she received a TAP award. This student registered for courses in the Fall 1994 semester, then subsequently withdrew. However, the student was certified for a TAP payment for this Fall 1994 term. The other student repeated a course in which he had received a passing grade. The course was initially taken in a term that the student did not receive TAP. However, the repeated course was subsequently taken in a term for which the student received TAP and cannot count toward the student's full-time course load.

LIU officials agreed with these two findings regarding full-time attendance.

Student Not Meeting Residency Requirement

Criteria - Section 661 of the Law states ". . . an applicant for an award at the undergraduate level of study must . . . have been a legal resident of the state for at least one year immediately preceding the beginning of the semester, quarter or term of attendance for which application for assistance is made . . ." Further, HESC's Manual on Programs and Procedures stipulates that institutions should not certify eligibility for State awards for any student whose New York State residence is suspect.

Audit Determination - We found that Brooklyn officials certified one student from the statistical sample who did not meet the residency requirement. The student immigrated to the United States on May 30, 1993. We are disallowing his Spring 1994 TAP award.

School Officials' Position - LIU officials agreed with this finding.

Students Not in Good Academic Standing

Criteria - Section 665 of the Law requires that students remain in good academic standing to maintain eligibility for state financial assistance. Section 145-2.2 of the Regulations states that to remain in good academic standing a student must (1) maintain satisfactory academic progress toward completion of a program and (2) pursue the program of study in which he or she is enrolled.

To maintain satisfactory academic progress, a student must have accrued at least a certain number of credits and earned at least a certain cumulative grade point average as required in the college's published Satisfactory Academic Progress chart approved by SED. A student is pursuing the approved program of study if, during each term of study for which an award is

received, the student receives a passing or failing grade in a predetermined percentage of the minimum full-time course load.

When a student fails to maintain good academic standing, the student loses prospective TAP eligibility. A student may regain such standing by obtaining a one-time TAP waiver, making up the deficiency at his or her own expense or remaining out of school for one calendar year.

Part 145-2.2 of the Regulations provides that requirements for good academic standing may be waived once for an undergraduate student and once for a graduate student. According to SED's CEO Bulletin No. 81-12, the waiver is to be used only in exceptional cases. In considering granting the waiver, these principles should be kept in mind:

- The waiver is not automatic.
- The waiver is intended only to accommodate extraordinary or unusual cases.
- The waiver process should include an assessment of the reasons for a student's failure to meet requirements.
- The waiver should be granted only when there is a reasonable expectation that the student will meet future academic requirements.
- The waiver can be used only according to clearly established procedures.

The CEO Bulletin further states that the institution is required to maintain a complete case record for each waiver granted with a written record of the findings and determination of each case. In addition, it is expected that most students who fail to meet pursuit of progress requirements will not be granted the waiver. Furthermore, it may not be assumed that staying in school is always in the student's best interest. An assessment of the student's financial need, academic situation and special needs must all be part of the process.

LIU Brooklyn established a TAP waiver policy and procedures for granting a waiver. The policy states: "The purpose of the waiver is to accommodate reasons for not meeting standards which are not routine in the life of the student but rather UNEXPECTED AND UNFORESEEN . . . academic advisors must write up their interviews with the student and attach any relevant documentation which helped them make the determination of the need and benefit of the waiver." Finally, LIU Brooklyn officials recognize the need for detailed documentation of the waiver process, since their guidelines require, ". . . fairly extensive interview notes from all offices involved."

Audit Determination - We identified one award in our statistical sample and one award outside our sample period paid for two students who failed to maintain good academic standing and, therefore, were not eligible to receive these awards.

One student did not maintain pursuit of program because he did not pass or fail the required number of credits to maintain eligibility. The other student did not maintain satisfactory academic progress. This student did not earn the required number of credits to maintain eligibility for the payment received.

The two students obtained waivers. However, these waivers do not meet SED and LIU Brooklyn guidelines.

School Officials' Position - LIU officials respond that they did not completely agree with the rulings in the draft report, however they understood the rationales presented and accept them.

Other Matters Needing Attention

Improperly Granted Waivers

Criteria - Section 665 of the Law provides that students must be in good academic standing to be eligible to receive State tuition awards. Part 145-2.2 of the Regulations provides that requirements for good academic standing may be waived once for an undergraduate student and once for a graduate student. According to SED's CEO Bulletin No. 81-12, "The waiver is to be used only in exceptional cases." We have previously described the waiver requirements in this report. In particular, the SED guidelines require that a waiver must be for extraordinary or unusual cases. LIU Brooklyn's waiver guidelines also recognize the need for detailed documentation of the reason for the waiver.

Audit Determination - We found that LIU Brooklyn officials did not comply with SED's policies or their own policies in granting waivers. We found the documentation supporting these waivers to be deficient. These students failed good academic standing for reasons we determined not to be unforeseen and unexpected or they were granted waivers which were not fully documented.

School Officials' Position - LIU officials respond that they did not completely agree with the rulings in the draft report, however they understood the rationales presented and accept them.

Remedial Non-Credit Equivalent Credits

Criteria - Part 145-2.1(2)(3) of the Regulations states that, for students enrolled in the supplemental tuition assistance program (STAP), full-time status requires that at least half the minimum full-time course load consist of non-credit remedial work.

Audit Determination - We found that LIU Brooklyn assigned remedial, non-credit equivalents to certain courses. These assigned values are counted by LIU Brooklyn in meeting the STAP full-time requirement of six remedial credits. We requested SED determine whether the number of remedial, non-credit equivalents assigned to these courses is appropriate. Additional disallowances may result, pending SED's determination. However, SED has not completed their review, additional information was requested from LIU Brooklyn.

School Officials' Position - LIU Brooklyn officials did not respond to this issue. They are awaiting the outcome of SED's review.

Recommendation to the Higher Education Services Corporation

Recover $26,270, plus applicable interest, from LIU Brooklyn for its incorrect TAP certifications.

Recommendations to the State Education Department

1. Ensure that LIU Brooklyn is in compliance with SED and its own waiver guidelines.

2. Ensure that LIU Brooklyn is in compliance with SED regulations as they pertain to the other issues as stated in this report.

3. Review and determine whether remedial non-credit equivalent values are appropriate.

Major contributors to this report were David R. Hancox, Carmen Maldonado, Frank Russo, Kenneth I. Shulman, David Louie, Lu Pham, Sal D'Amato and Don Collins.

We wish to express our appreciation to the management and staff of LIU and the Brooklyn Campus for their courtesies and cooperation.

Very truly yours,

Robert H. Attmore
Deputy Comptroller

cc: D. Steinberg
P. Woodworth
Gayle Stevens Hayes
T. Finch